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Water and Sewer Authority

www.dcwasa.com

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Description	FY 2010 Approved	FY 2011 Proposed	% Change from FY 2010
Operating Budget	\$393,653,000	\$408,093,000	3.7

Note: DCWASA does not use the District's financial system for its transactions. For FY 2009 actual expenditures, see the FY 2009 District of Columbia Comprehensive Annual Financial Report.

The mission of the DC Water and Sewer Authority (DCWASA) is to serve all of its customers with outstanding service by providing reliable and cost-effective water and wastewater services in accordance with best practices.

In 1996, regional participants in DCWASA, including the District of Columbia, Montgomery and Prince George's counties in Maryland, and Fairfax County in Virginia, as well as the United States Congress, agreed to create an independent, multi-jurisdictional water and wastewater authority. In April 1996, the District of Columbia enacted the "Water and Sewer Authority Establishment and Department of Public Works Reorganization Act of 1996," a statute that provided the groundwork for the

authority to become operationally independent on October 1, 1996. DCWASA is governed by an 11-member regional Board of Directors and provides essential water and wastewater services to more than 2 million residents and businesses throughout the metropolitan region.

The Authority's FY 2011 Board-approved budget is presented in the following tables:

FY 2011 Proposed Gross Funds Operating Budget, by Revenue Type

Table LA0-1 contains the proposed FY 2011 agency budget compared to the FY 2010 approved budget.

Table LA0-1
(dollars in thousands)

Appropriated Fund	Approved FY 2010	Proposed FY 2011	Change from FY 2010	Percent Change*
General Fund				
Special Purpose Revenue Funds	393,653	408,093	14,440	3.7
Total for General Fund	393,653	408,093	14,440	3.7
Gross Funds	393,653	408,093	14,440	3.7

*Percent Change is based on whole dollars.

Note: DC WASA does not use the District's financial system for its transactions. For FY 2009 actual expenditures, see the FY 2009 District of Columbia Comprehensive Annual Financial Report.

Note: If applicable, for a breakdown of each Grant (Federal and Private), Special Purpose Revenue type and Intra-District agreement, please refer to **Schedule 80, Agency Summary by Revenue Source**, in the **Operating Appendices** located on the Office of the Chief Financial Officer's website.

FY 2011 Proposed Operating Budget, by Comptroller Source Group

Table LA0-2 contains the proposed FY 2011 budget at the Comptroller Source Group (object class) level compared to the FY 2010 approved budget.

Table LA0-2
(dollars in thousands)

Comptroller Source Group	Approved FY 2010	Proposed FY 2011	Change from FY 2010	Percent Change*
11 - Regular Pay - Cont Full Time	74,116	79,736	5,620	7.6
14 - Fringe Benefits - Curr Personnel	17,430	19,775	2,345	13.5
15 - Overtime Pay	4,947	4,911	-36	-0.7
Subtotal Personal Services (PS)	96,493	104,422	7,929	8.2
20 - Supplies and Materials	29,172	30,080	908	3.1
30 - Energy, Comm. and Bldg Rentals	41,842	36,168	-5,674	-13.6
40 - Other Services and Charges	29,395	33,929	4,534	15.4
41 - Contractual Services - Other	77,053	76,801	-252	-0.3
50 - Subsidies and Transfers	20,617	22,365	1,748	8.5
70 - Equipment and Equipment Rental	791	974	183	23.1
80 - Debt Service	98,290	103,354	5,064	5.2
Subtotal Nonpersonal Services (NPS)	297,160	303,671	6,511	2.2
Gross Funds	393,653	408,093	14,440	3.7

*Percent Change is based on whole dollars.

Note: DCWASA does not use the District's financial system for its transactions. For FY 2009 actual expenditures, see the FY 2009 District of Columbia Comprehensive Annual Financial Report.

Program Description

The District's financial system does not display the DCWASA budget programmatically; however, DCWASA operates based on the following program structure:

Potable Water System - DCWASA's priority is to provide clean, safe water to the residents, businesses, and visitors in its service area. The quality of the water DCWASA delivers meets or exceeds federal health and safety standards. The water purchased from the Washington Aqueduct and distributed by DCWASA is closely monitored throughout the distribution system, and the Washington Aqueduct and DCWASA routinely monitor numerous water quality parameters outside of the regulated areas to optimize the quality of water delivered to customers. Hundreds of samples are collected and analyzed each month from various locations, including residences, commercial buildings, schools, and day care facilities. An annual Water Quality Report is published each year to freely communicate with the customers and explain where the water comes from, what is in the water, how the water is treated, and how DCWASA distributes the water to each home or business.

To support emergency services within the District of Columbia, the water distribution system ensures availability, functionality, and reliability of service for public fire hydrants for fire protection in the District. As part of a five-year capital program started in FY 2006, from October 2005 through September 2009, DCWASA replaced or upgraded 3,456 hydrants, with 540 replacements/upgrades planned for FY 2010. In addition, DCWASA operations crews repaired 15,746 hydrants during the 5-year period of October 1, 2004 through September 2009.

Through a Memorandum of Understanding (MOU) established in FY 2007, DCWASA has reaffirmed its partnership with the District of Columbia Fire and Emergency Medical Services Department (FEMS), to work cohesively to improve the public fire hydrants in the District and to ensure firefighters have system maps, web available access to hydrant location and availability, and other pertinent information needed to easily access DCWASA's water system and obtain adequate fire flows during emergencies. Under this MOU, the original five-year program has been accelerated and a phase II, which would

replace/upgrade an additional 5,400 public hydrants, has been proposed to the District emergency personnel for their review. The cost of this program is cost-neutral to the District's ratepayers as all expenses are the responsibility of the District government. A revised MOU is currently under review by DCWASA and the District of Columbia. Additionally, Title 21, District of Columbia Municipal Regulations, Chapter 41, Retail Water and Sewer Rates, Section 4103 Fire Protection Service Fee, was amended effective April 12, 2010 to increase the annual fee charges by DCWASA to the District of Columbia to \$680.00 per fire hydrant. Refer to the Fire and Emergency Medical Services Department (FB0) for further information.

Sanitary Sewer and Stormwater System - Sewer service is another core DCWASA program. This program provides for the operation and maintenance of the combined sewer system in the District, which collects and transports wastewater and stormwater flows to treatment and authorized discharge points as well as the separated sanitary sewers in the District. Stormwater activities within the separated sanitary and storm sewer areas are managed under legislation and federal permit by the District of Columbia Department of the Environment. The sewer program has several major capital improvement projects, including the Combined Sewer Overflow Long Term Control Project.

Wastewater Treatment System - Wastewater treatment services are provided at Blue Plains plant to over 1.7 million people in DCWASA's service area. Wastewater treatment includes liquid process facilities that provide treatment for both sanitary wastewater flows and peak storm flows originating in the sanitary and combined sewer systems, respectively, along with solids processing facilities that treat the residual solids removed by the liquid process facilities. Blue Plains is rated for an average flow of 370 million gallons per day (MGD), and it is required by its National Pollutant Discharge Elimination System (NPDES) permit to treat a peak flow rate of 740 MGD through the complete treatment process for up to four hours and continuous peak complete treatment flows of 511 MGD thereafter. The plant treats these flows to a level that meets one of the most stringent NPDES discharge permits in the United

States. Additionally, up to 336 MGD of storm water flow must receive partial treatment, resulting in a total plant capacity of 1,076 MGD.

The District of Columbia was the first regional signatory of the 1987 Chesapeake Bay Agreement (reducing nitrogen by 40 percent) to meet its voluntary commitment due to significant improvements by DCWASA at Blue Plains. Blue Plains has been lauded on several occasions for its efficient wastewater treatment plant operations by the National Association of Clean Water Agencies due to its excellent record of compliance with federal regulations.

DCWASA continues to implement its combined sewer overflow long-term control plan which, when fully implemented, will significantly reduce sewer overflows, resulting in improved water quality and significant reduction in debris in the national capital's waterways. Ongoing improvements have already led to a reduction of almost 40 percent in overflows discharged into the Anacostia and Potomac Rivers.

Program Structure Change

DC WASA had no program structure changes in the FY 2011 proposed budget.

FY 2011 Proposed Operating Budget and FTEs, by Program and Activity

Table LA0-3 contains the proposed FY 2011 budget by program and activity compared to the FY 2010 approved budget.

Table LA0-3

(dollars in thousands)

Program/Activity (1000) WASA	Dollars in Thousands			Full-Time Equivalents		
	Approved FY 2010	Proposed FY 2011	Change from FY 2010	Approved FY 2010	Proposed FY 2011	Change from FY 2010
(1100) WASA	393,653	408,093	14,440	0.0	0.0	0.0
Subtotal (1000) WASA	393,653	408,093	14,440	0.0	0.0	0.0
Total Proposed Operating Budget	393,653	408,093	14,440	0.0	0.0	0.0

(Change is calculated by whole numbers and numbers may not add up due to rounding)

Note: DCWASA does not use the District's financial system for its transactions. For FY 2009 actual expenditures, see the FY 2009 District of Columbia Comprehensive Annual Financial Report.

Note: For more detailed information regarding the proposed funding for the activities within this agency's programs, please see **Schedule 30-PBB Program Summary By Activity** in the **FY 2011 Operating Appendices** located on the Office of the Chief Financial Officer's website.

FY 2011 Proposed Budget Changes

On February 4, 2010, DCWASA's Board of Directors voted to approve an FY 2011 budget that is an increase of \$14,440,000 in its operating budget for FY 2011 over the FY 2010 approved budget due to projected increases in operating costs.

These increases include:

- \$7,929,000 in personal services costs for approved pay raises and increased fringe benefits costs;
- \$4,477,000 in water purchases cost from the Washington Aqueduct;

- \$908,000 in supplies and chemical costs;
- \$183,000 in the cost of small equipment;
- \$5,064,000 in debt service; and
- \$1,748,000 for the Payment-In-Lieu-of-Taxes (PILOT) to the District of Columbia and Right-of-Ways fees.

The increases are offset by projected decreases including:

- \$5,617,000 in utilities; and
- \$252,000 in various contractual services charges.

FY 2010 Approved Budget to FY 2011 Proposed Budget, by Revenue Type

Table LA0-4 itemizes the changes by revenue type between the FY 2010 approved budget and the FY 2011 proposed budget.

Table LA0-4

(dollars in thousands)

	PROGRAM	BUDGET	FTE
SPECIAL PURPOSE REVENUE FUNDS: FY 2010 Approved Budget and FTE		393,653	0
Cost Decrease: Decrease in Contractual Services	WASA	-252	0
Cost Decrease: Decrease in Energy costs	WASA	-5,617	0
Cost Increase: Increase in Debt Service payment	WASA	5,064	0
Cost Increase: Increase in Small Equipment funding	WASA	183	0
Cost Increase: Increase in Supplies	WASA	908	0
Cost Increase: Increase in water purchase	WASA	4,477	0
Cost Increase: Increases in Subsidies and Transfers for PILOT and ROW	WASA	1,748	0
Cost Increase: Net increase in Personal Services	WASA	7,929	0
SPECIAL PURPOSE REVENUE FUNDS: FY 2011 Proposed Budget and FTE		408,093	0
Gross for LA0 - Water and Sewer Authority		408,093	0

